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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC 6656  
RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHGG/UN SECURITY COUNCIL COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1536  
RUEHBY/AMEMBASSY CANBERRA 0582  
RUEHKA/AMEMBASSY DHAKA 4627  
RUEHNE/AMEMBASSY NEW DELHI 4115  
RUEHUL/AMEMBASSY SEOUL 7672  
RUEHKO/AMEMBASSY TOKYO 5231  
RUEHCN/AMCONSUL CHENGDU 1213  
RUEHCHI/AMCONSUL CHIANG MAI 1113  
RUEHCI/AMCONSUL KOLKATA 0076  
RUEATRS/DEPT OF TREASURY WASHDC  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUEHGV/USMISSION GENEVA 3333  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1016  
RUEKJCS/SECDEF WASHDC  
RUEHBS/USEU BRUSSELS  
RUEKJCS/Joint STAFF WASHDC

UNCLAS SECTION 01 OF 03 RANGOON 001001

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TAGS: ECON EFIN PREL BM  
SUBJECT: A SNAPSHOT OF POVERTY IN RANGOON

REF: A) RANGOON 952 B) RANGOON 901

RANGOON 00001001 001.4 OF 003

11. (SBU) Summary. Poverty levels in Burma continue to rise, as a result of higher prices and decreasing purchasing power. During visits to several of Rangoon's poorest areas, we observed this escalating abject poverty firsthand. In Hlathintha and Shwepyitha Townships, many people do not have steady jobs and are forced to scrounge to make a living. People spend more than 80 percent of their income on food, but can only afford to eat one meal a day. Large families of seven or eight live in one-room huts and can neither afford to send their children to school nor pay for medical care. Although poverty is becoming more widespread, the Burmese Government will not implement poverty alleviating measures and refuses to address the root causes of destitution in Burma. End Summary.

Poverty in Burma

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12. (SBU) Poverty levels in Burma continue to rise annually. According to the UNDP, 32 percent of Burma's 50 million people live in poverty, compared to 25 percent in 1997. (Note: for UNDP statistics, the poverty line is 162,136 kyat or \$115 per year per adult. End Note.) 71 percent of Burmese live in rural areas; UNDP estimates that 36 percent of these people, particularly those living in Chin, Shan, and Rakhine States, live below the poverty line. A majority of the Burmese people earns less than \$1/day, and spends more than 75 percent of their income on food. On August 15, the Burmese Government unexpectedly increased the price of fuel, raising prices by more than 100 percent. This action triggered an immediate increase in commodity and transportation costs (Ref B). Declining purchasing power and the rising costs of basic needs, estimated to be increasing 23 percent per month, have caused a increase in

poverty levels throughout Burma.

#### How the Poorest Live in Rangoon

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¶3. (SBU) Rangoon, compared to the rest of Burma, has one of the country's lowest poverty rates. Nevertheless, 15 percent of Rangoon's population (estimated at more than 6 million) lives below the poverty line. During visits to two of Rangoon's poorest neighborhoods, Hlinthaya and Shwepyitha, we saw abject poverty firsthand. Getting to both places was easy, as both Hlinthaya and Shwepyitha are home to several of Rangoon's largest industrial zones. In each township, however, we found that when we turned off the main road, we found ourselves on small and narrow dirt roads that led to a different world.

¶4. (SBU) In downtown Rangoon, most people live in houses or apartments made of cement. In Hlinthaya and Shwepyitha, people live in one-room huts made of wood, many of which are covered with thatched straw roofs. The poorest homes do not have any roofs, but instead are covered with plastic to keep the rain out. Some huts have dirt floors and others have bamboo flooring; there is often little or no furniture in these homes. Residents do not have access to electricity or piped water, and instead must obtain water from a communal well. Although the average household size in Burma is 5.2 people, in Hlinthaya and Shwepyitha, local residents told us that between seven and eight people, both adults and children, live in huts.

¶5. (SBU) More than 250,000 people live in Hlinthaya and Shwepyitha Townships. While some work in factories located in the industrial zones, most people are unable to find any real work. Kyauk Chein, a laborer who lives in Hlinthaya with his family, told us that many people in his neighborhood scrounge to make a daily living. Some collect tree branches to sell as firewood; others pick leaves and plants to sell in local markets. Kyauk Chein told us that his

RANGOON 00001001 002.4 OF 003

friends and neighbors previously sold their blood to local clinics for 2,000-3,000 kyat (\$1.40-\$2.15) a pint. Locals in Shwepyitha told us that young girls who cannot find work in factories often work in "karaoke clubs," which are poorly-disguised fronts for sex parlors.

#### Lack of Basic Necessities

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¶6. (SBU) Because of the lack of income and rising commodity prices, the majority of people living in Hlinthaya and Shwepyitha only eat one meal a day. A typical meal consists of rice, vegetables, and perhaps some fish. Locals told us that they spend approximately 2,000 kyats (\$1.40) a day to feed a family of eight. Those who cannot afford food drink rice water (water boiled with scraps of rice). Residents of Hlinthaya who work in downtown Rangoon complained to us about higher transportation costs since August 15. Bus fares from Hlinthaya to downtown Rangoon almost doubled that day, from 80 kyat (\$0.06) to 150 kyat (\$0.11). People who cannot afford to get to work still try to ride the bus for 80 kyat, residents added. Some drivers still allow them to ride for old fares, but others demand full payment and push them off the bus when the riders cannot pay.

¶7. (SBU) Lack of affordable medical care and clothing are additional woes, local residents noted. Kyauk Chein told us that he had five children, but two died because he could not pay to take them to the local clinic. He, like other residents, worries whenever his children become sick and need medicine. Most of the people living in Hlinthaya and Shwepyitha cannot afford to buy clothes, and instead have to depend on donations of used clothing to clothe themselves and their children.

¶8. (SBU) For children living in these areas, school is also a luxury. Because parents spend more than 75 percent of their income on food, they usually cannot afford to send their children to school. As a result, many children living in Hlinthaya and Shwepyitha are illiterate. Local residents explained that parents often send their children to downtown Rangoon to work. Children

find local housing, work in tea shops for low wages, and remit their savings to their parents.

Government Neglect

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¶9. (SBU) The people we spoke to all complained that the GOB does nothing to assist them. Although the industrial areas of Hlathintha and Shwe Pyitha have paved roads and electricity, the poorest neighborhoods nearby lack basic infrastructure. If it were not for local and international NGOs working in the area, locals asserted, people would live in even worse conditions. The fuel price hike only worsened the situation and was the spark that started the public demonstrations against the government, residents told us. However, instead of addressing the root causes of the protests, the government violently suppressed the demonstrations. The government refuses to listen to our pleas for help, they added.

Comment

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¶10. (SBU) Although abject poverty in Burma is becoming more widespread, the government turns a blind eye to the public's desperate needs. Instead, the GOB continues to implement uninformed economic policies that line the pockets of the senior generals at the expense of the people. As the economic crisis worsens and more people find themselves unable to make ends meet, our continued support for NGOs assisting the poor will literally make a difference between life and death.

RANGOON 00001001 003.6 OF 003

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